

STATE OF CALIFORNIA
CAPITAL OUTLAY
BUDGET CHANGE PROPOSAL (COBCP)
COVER PAGE (REV 06/15)

DEPARTMENT OF FINANCE
915 L Street
Sacramento, CA 95814
IMS Mail Code: A15

BUDGET YEAR 2016-17

BUSINESS UNIT: 2740 COBCP NO: 1 PRIORITY: 1 PROJECTID: 0000707

DEPARTMENT: Department of Motor Vehicles

PROJECT TITLE: Delano: Field Office Replacement

TOTAL REQUEST (DOLLARS IN THOUSANDS): \$1,483 MAJOR/MINOR: MA

PHASE(S) TO BE FUNDED: P, W PROJ CAT: CRI CCCI/EPI: 6069

SUMMARY OF PROPOSAL:

This is a request for \$1,483,000 to fund the preliminary plans phase (\$688,000) and the working drawings phase (\$795,000) with two year expiration for the Delano DMV Field Office Replacement Project. The acquisition plan phase was funded in FY 2015/16 in the amount of \$1,022,000. The construction phase will be requested to be funded in FY 2018/19 for \$9,320,000. The total project cost is estimated to be \$11,825,000.

This critical infrastructure project will replace the department's leased Delano field office building that has not been properly maintained and is not in good condition for the health and safety of DMV's employees and customers. The lessor refuses to negotiate a new lease to incorporate the repairs needed and reduce the rental rate to a fair market rate. The continuation of the project will provide a new safe, appropriately sized and efficiently designed facility for use by the DMV Field Operations Division and will eliminate the risk of long-term office closure and eviction.

HAS A BUDGET PACKAGE BEEN COMPLETED FOR THIS PROJECT? (E/U/N/?): N

REQUIRES LEGISLATION (Y/N): N IF YES, LIST CODE SECTIONS: _____

REQUIRES PROVISIONAL LANGUAGE (Y/N) N

IMPACT ON SUPPORT BUDGET: ONE-TIME COSTS (Y/N): N FUTURE COSTS (Y/N): N

FUTURE SAVINGS (Y/N): N REVENUE (Y/N): N

DOES THE PROPOSAL AFFECT ANOTHER DEPARTMENT (Y/N): N IF YES, ATTACH
COMMENTS OF AFFECTED DEPARTMENT SIGNED BY ITS DIRECTOR OR DESIGNEE.

SIGNATURE APPROVALS:

Sally Lukenbill 12/31/2015 John C. ... 1/4/16
PREPARED BY DATE REVIEWED BY DATE

[Signature] 1/14/16 [Signature] 1/5/16
DEPARTMENT DIRECTOR DATE AGENCY SECRETARY DATE

DOF ANALYST USE

DOF ISSUE # _____ PROGRAM CAT: _____ PROJECT CAT: _____ BUDG PACK STATUS: _____
ADDED REVIEW: SUPPORT: _____ OCIU: _____ FSCU/ITCU: _____ OSAE: _____ CALSTARS: _____

Original Signed By:
Sally Lukenbill

PPBA: _____

DATE SUBMITTED TO LEGISLATURE: 1-7-16

A. PURPOSE OF THE PROJECT: (problem, program need, infrastructure deficiency)

This is the second phase of a multiple phase capital outlay project. The first phase was approved for FY 2015/16 to replace the existing 61 year old, 3,784 gross square foot facility that has 28 parking spaces with a facility that is 10,718 gross square foot and has 66 parking spaces. The privately leased Delano Field Office, located at 631 Jefferson Street, in the county of Kern, is no longer a viable location for DMV. This field office provides full registration and driver license services for Delano and its surrounding communities. The Delano population has grown from approximately 14,559 in 1970 to 52,222 in 2015, a 259% population increase, which dictates the necessity to relocate this facility into an appropriately sized building to meet space requirements (California Department of Finance, Demographic Reports).

DMV and the Department of General Services (DGS) have attempted to communicate with the ownership of this property, but received little response. All facility issues are handled via a third-party family member, the lessor's nephew (hereinafter referred to as the "lessor"). The lessor is the liaison that communicates all facilities work requests with ownership, and due to slow response and/or inaction, this has caused major delays with tenant improvements, repairs, and maintenance needs. The DGS started the lease renewal process for the DMV Delano field office in August of 2012, for the lease that was terminating on September 30, 2015. In May of 2013, DGS executed a lease extension through September 30, 2017, as the lessor lacked any interest in a lease renewal or even to engage in the lease renewal process. Throughout the process of negotiating to renew from 2012 and even prior, the lessor has not been cooperative or communicative with DMV nor with DGS in efforts to negotiate a renewal. After many months of requesting building blueprints, the lessor provided DGS plans that were incomplete, grossly inaccurate, and not generated by a licensed architect. Furthermore, the lessor refused for two years to provide DGS the required Americans with Disability Act (ADA) survey needed for the lease renewal process. This survey identifies the required improvements needed to ensure the subject property is ADA compliant to successfully complete a lease renewal for the State. Of greatest concern, is that this field office continues to experience unscheduled office closures due to the lack of property maintenance. This lack of maintenance has resulted in severely deteriorating building and site conditions causing emergency repairs. All office closures and emergency repairs could have been avoided if the lessor complied with the requirements in the lease agreement to adequately maintain the property.

Most recently, the office closed on December 9, 2013, and remained closed until January 21, 2014, due to a water leak that caused water damage, which resulted in a need for moisture remediation within the wall to prevent mold growth. The 33 business day closure disrupted services to the community, reduced the amount of revenue collected, and caused the redirection of employees and customers to nearby offices for six weeks. The department had to initiate a rent reduction for the 33 closed business days and a reimbursement claim for costs incurred by DMV, which included personnel, travel, furniture dismantle and reinstallation, cabling and electrical, and the required environmental air testing, which the lessor refused to conduct. The lessor should have been able to complete the needed work within two weeks if the lessor had been responsive to DMV and interested in providing the necessary lease management services.

Another safety issue with the lessor is their refusal to repair damaged carpet, resulting in a claim for Worker's Compensation filed by an employee. Consequently, DMV made arrangements for flooring repairs to be made to avoid any potential lawsuits or additional Worker's Compensation claims against the department. Unfortunately, the lessor has a consistent history of failing to maintain the facility in a condition acceptable to the State.

During the summer of 2013, there were daily problems with the heating, ventilation, and air conditioning (HVAC) system. The incident began on June 28, 2013, and was resolved on August 8, 2013 (nearly six weeks later). The office experienced indoor air temperatures in excess of 90 degrees which forced a one-day office closure to the public. During these high temperatures, the lessor was nonresponsive to repeated efforts by DMV to rectify the needed repairs which resulted in DMV placing portable coolers to keep the office temperature acceptable to provide services to the public. DGS Lease Management took action to enforce the terms of the lease by sending the lessor a Notice to Repair and Maintenance, a mandatory compliance letter, which included language that DMV would perform the repairs and deduct the cost from the monthly rent. The lessor did respond; however, he still did not resolve the issue and therefore, DGS sent a second Notice to Repair and Maintenance. The lessor responded, but again the issue did not get resolved. Lastly, DGS and DMV conducted a conference call with the lessor to work out a final resolution. This issue should have easily been resolved within one week if the lessor had been responsive to DMV and interested in providing the necessary lease management services required in the lease.

Back in 2012, DMV submitted in excess of 20 different repair and maintenance tickets to the lessor who was nonresponsive resulting in DGS sending the first Notice to Repair and Maintenance to the lessor. To date, most of the tickets still remain open and unresolved. The few tickets that the lessor has responded to are typically made by an unlicensed repair person that performs poor quality work. For example: After the lessor received multiple DGS Notice to Repair and Maintenance letters, the lessor attempted to make parking lot paving repairs to fill-in cracks and restripe the parking lot. The poor quality work resulted in parking lot tripping hazards, exposed holes where sign poles were removed but were not filled in, and striping that rapidly faded due to the poor quality of work.

The area around the public drinking fountain has been an ongoing maintenance concern for the office. In May 2013, the condition of the drinking fountain posed a safety hazard. The partition wall around the fountain was worn down displaying sharp edges and protruding nails. The office had a customer report that her arm was scratched when it brushed up against the partition wall. DMV requested that the lessor repair, however, the repair was not completed by the lessor for approximately eight months after the fact. While the office waited for repairs to be made, they had to tape the protrusions to prevent serious injuries from occurring.

In November 2013, a request was made to repair the water heater as the office does not have hot water. The lessor was nonresponsive to correct this problem for six months. During the repair and maintenance closure in December 2013, DMV requested the general contractor (GC) to determine why the office was without hot water and the GC stated a new water heater was needed for the office to have hot water. The lessor finally restored the hot water, but the poor quality repair eliminated the cold water.

In March 2014, a trouble ticket was submitted for an excessive amount of fluorescent lights in the building being out. The issue took until June 17, 2015 to finally get resolved.

DMV continues to submit improvement and fix requests to the landlord, which include issues with door, drinking water fountain, fencing, restrooms, and parking lot repairs with little to no response.

Both DGS and DMV believe the lessor does not want to renew the lease and has no interest in ensuring the lease requirements are fully met. Additionally, the excessive number of hours DMV and DGS must commit to managing this one lease strongly supports DGS' recommendation that DMV should relocate from this property immediately.

Prior to the problems with moisture and fungus in the building, and the lessor's inability and slow response to resolve issues, DMV planned to replace this office as reflected in the DMV 5-Year

Infrastructure Plan for FY 2015/16. DGS also recommends DMV relocate from this facility as the lessor is unresponsive and uncooperative for the following reasons:

- The lessor refuses to properly maintain the facility and otherwise service the lease.
- The lessor refuses to negotiate the rental rate down to market rates. The present lease is over market rent. Currently, DMV is paying approximately 45 cents (per Sq. Ft.) above the market rate for this property.
- The present facility is a 61 year old building, located in a primarily residential area.

In addition to the DGS reasons listed above, DMV supports relocating this office as frequent and short term closures may result in the loss of revenue and interest for the Motor Vehicle Account, State Transportation Fund.

B. RELATIONSHIP TO THE STRATEGIC PLAN: (relevance of problem/need to mission and goals)

DMV's Strategic Goals drive the direction of future facility needs for DMV operations:

- Enhance services to our internal and external customers
- Strengthen and support the professionalism and skills of our workforce
- Enhance traffic safety through internal programs and external partnerships
- Strengthen validity, security, and protection of personal information
- Enhance consumer protection

C. ALTERNATIVES: (for each, describe the proposed alternative and provide a brief summary of scope, cost, funding source, program benefits, facility management benefits, and impact on support budget)

This project is a continuation of the previously approved FY 2015/16 Capital Outlay Budget Change Proposal and will continue project activities to relocate the Delano field office into a new facility that meets program standards, health and safety standards and addresses parking needs, using the capital outlay methodology. This project will alleviate the space deficiencies and comply with current fire, life, safety, and accessibility codes and regulations. Completion of the project remains the only viable option.

Estimated Cost: \$11,825,000

Funding Source: Motor Vehicle Account, State Transportation Fund

Benefits/Detriments:

Benefits:

- Resolves the problem with the lessor being nonresponsive.
- Resolves health and safety, ADA, and Fire/Life/Safety issues.
- Enables the department to meet the customer service demands for Delano and the surrounding communities.
- Reduces customer lines and wait times in these field offices.
- Resolves critical space deficiencies.
- Provides safe parking lots exit pathways.
- Eliminates the safety issues in the customer parking lot, drive test, and verification areas.

- Eliminates the safety issues on the adjacent public streets.
- Meets State Administrative Manual (SAM) requirements.
- Provides code compliance.

Detriments:

- Requires DMV to remain in the poorly maintained facility until a new state owned building is developed.
- Additional funding is required.

D. RECOMMENDED SOLUTION:

1. A replacement site is necessary in order to ensure that the DMV employees and customers utilize a facility that meets Building Codes, ADA requirements, SAM standards, and Fire/Life/Safety requirements
2. Detail scope description.
In FY 2016/17, begin planning to establish a replacement facility to address the infrastructure deficiencies in the Delano field office. The new facility will be a single-story building that is approximately 10,718 gsf on a new site of approximately 1.9 acres. The project will also include site work, utilities, walkways, curbs, gutters, signage, landscaping, irrigation, fencing, gates, trash enclosure, site drainage, site lighting, surface parking, an attached drive-test canopy, communications (fire alarm, security, data), and all associated requirements to complete the construction of the facility. The project shall be designed to LEED-NC Silver standards and will also be a Zero Net Energy building.
3. Basis for cost information.
See attached three page cost estimate prepared by the Department of General Services.
4. Factors/benefits for recommended solution other than the least expensive alternative.
Acquisition of land and the construction of a Delano field office facility through the state's capital outlay construction methodology has been deemed the most viable and economical alternative to address all of the issues resulting from a nonresponsive lessor.
5. Complete description of impact on support budget.
The department anticipates submitting a future support BCP for one-time costs (modular systems furniture, lobby chairs, conventional furniture, signs, telecommunications, etc) and ongoing costs (custodial, security, etc.) as the larger office will have increased operating costs.
6. Identify and explain any project risks.
None.
7. List requested interdepartmental coordination and/or special project approval (including mandatory reviews and approvals, e.g. technology proposals).
 - a) State Fire Marshal - Fire/Life Safety Review
 - b) Department of General Services, Real Estate Services Division - Design and Construction
 - c) Public Works Board - Approval to proceed to Working Drawing phase of project
 - d) Division of the State Architect – Review and approval of plans for Access Compliance



STATE OF CALIFORNIA		Budget Year 2016-17	
CAPITAL OUTLAY BUDGET CHANGE PROPOSAL (COBCP)		Proj ID:	0000707
FISCAL DETAIL WORKSHEET		BU/Entity:	2740
Department Title:	Department of Motor Vehicles	Program ID	2155
Project Title:	Delano: Field Office Replacement	COBCP #:	1
Program Category:	Other - Critical Infrastructure	Priority:	1
Program Subcategory:		MA/MI:	MA
<p><i>Identify all items which fit into the categories listed below. Attach a detailed list if funding is included in this request. Provide descriptions and summary estimates for items for which you plan to request funding in the future. When possible, identify funding needs by fiscal year (BY+1 through BY+4).</i></p>			
PROJECT RELATED COSTS		COST	TOTAL
AGENCY RETAINED:			
None			
TOTAL AGENCY RETAINED			0
GROUP 2 EQUIPMENT		COST	TOTAL
TOTAL GROUP2 EQUIPMENT			0
IMPACT ON SUPPORT BUDGET		COST	TOTAL
ONE-TIME COSTS			
TOTAL SUPPORT ONE-TIME COSTS			0
ANNUAL ONGOING FUTURE COSTS			
TOTAL SUPPORT ANNUAL COSTS			0
ANNUAL ONGOING FUTURE SAVINGS			
TOTAL SUPPORT ANNUAL SAVINGS			0
ANNUAL ONGOING FUTURE REVENUE			
TOTAL SUPPORT ANNUAL REVENUE			0

STATE OF CALIFORNIA		Budget Year 2016-17	
CAPITAL OUTLAY BUDGET CHANGE PROPOSAL (COBCP)		Proj ID:	0000707
SCOPE/ASSUMPTIONS WORKSHEET		BU/Entity:	2740
Department Title:	Department of Motor Vehicles	Program ID	2155
Project Title:	Delano: Field Office Replacement	COBCP #:	1
Program Category:	Other - Critical Infrastructure	Priority:	1
Program Subcategory:		MA/MI:	MA
<p>Project Specific Proposals: For new projects provide proposed Scope language. For continuing projects provide the latest approved Scope language. Enter Scope language in cell A110.</p>			
<p>Conceptual Proposals: Provide a brief discussion of proposal defining assumptions supporting the level of funding proposed by fiscal year in relation to outstanding need identified for that fiscal year. (Also include scope descriptions for BY+1 through BY+4 in cell A110).</p>			
<p>This critical infrastructure project will replace the department's leased Delano field office building that has not been properly maintained and is not in good condition for the health and safety of DMV's employees and customers. The lessor refuses to negotiate a new lease to incorporate the repairs needed and reduce the rental rate to a fair market rate. The proposed project will provide a new safe, appropriately sized and efficiently designed facility for use by the DMV Field Operations Division and will eliminate the risk of long-term office closure and eviction.</p>			

**DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION - PROJECT MANAGEMENT AND DEVELOPMENT BRANCH
PROJECT COST SUMMARY**

PROJECT:	Delano Field Office Replacement	STUDY ESTIMATE:	S4DMV202BP
LOCATION:	Delano, CA	EST. / CURR'T. CCCI:	5960 / 6069
CUSTOMER:	Department of Motor Vehicles	DATE ESTIMATED:	6/3/2015
DESIGN BY:	0	ABMS NO:	0
PROJECT MGR:	0	PREPARED BY:	LL
TEMPLATE:	Design / Bid / Build	DOF PROJ. I.D. NO.:	0

DESCRIPTION

The project consists of a replacement Field Office for DMV near Delano, CA. This single-story building will be approximately 10,718 gsf on a new site of approximately 1.9 acres. The project will also include site work, utilities, walkways, curbs, gutters, signage, landscaping, irrigation, fencing, gates, trash enclosure, site drainage, site lighting, surface parking, attached drive-test canopy, communications (fire alarm, security, tel/data) and all associated requirements to complete the construction of the facility. The project shall be designed to LEED-NC Silver and will also be a Zero Net Energy building.

ESTIMATE SUMMARY

Sitework (@ \$12/sf)	\$993,200
Building (@\$340/sf)	\$3,644,100
Utility Fees	\$200,000
Zero Net Energy (25% of Building Costs)	\$911,000

ESTIMATED TOTAL CURRENT COSTS:	JULY 2014	\$5,748,300
Adjust CCCI From 5960 to 6069		\$105,100
ESTIMATED TOTAL CURRENT COSTS ON MAY 2015		<u>\$5,853,400</u>
Escalation to Start of Construction 43 Months @ 0.42% / Mo.:		\$1,057,100
Escalation to Mid Point 7 Months @ 0.42% / Mo.:		\$172,100
ESTIMATED TOTAL CONTRACTS:		<u>\$7,082,600</u>
Contingency At: 5%		\$354,100
ESTIMATED TOTAL CONSTRUCTION COST:		<u>\$7,436,700</u>

SUMMARY OF COSTS BY PHASE

PROJECT: Delano Field Office Replacement
LOCATION: Delano, CA
ABMS #: 0

STUDY ESTIMATE: S4DMV202BP
DATE ESTIMATED: 6/3/2015

CONSTRUCTION DURATION: 14 MONTHS
ESTIMATED CONTRACT: \$7,082,600 \$7,082,600
CONSTRUCTION CONTINGENCY: \$354,100 \$354,100
TOTAL: \$7,436,700 \$7,436,700

CATEGORY	ACQUISITION STUDY 00	PRELIMINARY PLANS 01	WORKING DRAWINGS 02	CONSTRUCTION 03	TOTAL
ARCHITECTURAL AND ENGINEERING SERVICES					
A&E Design	\$80,000	\$335,000	\$369,000	\$195,000	\$979,000
Construction Inspection				\$283,200	\$283,200
Construction Inspection Travel				\$141,700	\$141,700
Builders Risk Insurance				\$70,800	\$70,800
Advertising, Printing and Mailing		\$0	\$20,000		\$20,000
Construction Guarantee Inspection				\$35,400	\$35,400
SUBTOTAL A&E SERVICES	\$80,000	\$335,000	\$389,000	\$726,100	\$1,530,100

OTHER PROJECT COSTS					
Special Consultants (Soils/Survey)	\$50,000	\$127,500	\$75,000	\$75,000	\$327,500
Materials Testing				\$106,000	\$106,000
Project/Construction Management	\$80,000	\$109,600	\$215,000	\$225,000	\$629,600
Contract Construction Management			\$45,000	\$495,000	\$540,000
Site Acquisition Cost & Fees	\$700,000				\$700,000
Agency Retained Items					\$0
SBE/DVBE Assessment				\$42,700	\$42,700
School Checking			\$0		\$0
Hospital Checking			\$0		\$0
Essential Services			\$0		\$0
Accessibility Checking			\$11,300		\$11,300
Environmental Document (Neg Dec)	\$100,000	\$100,000	\$25,000	\$25,000	\$250,000
Due Diligence		\$7,500			\$7,500
Other Costs - (SFM)		\$0	\$25,000	\$75,000	\$100,000
Other Costs - (Permit/Reg. Fees)					\$0
Other Costs - (ARF Assessment)	\$12,000	\$8,400	\$9,700	\$113,500	\$143,600
SUBTOTAL OTHER PROJECT COSTS	\$942,000	\$353,000	\$406,000	\$1,157,200	\$2,858,200

TOTAL ESTIMATED PROJECT COST	\$1,022,000	\$688,000	\$795,000	\$9,320,000	\$11,825,000
LESS FUNDS TRANSFERRED	\$0	\$0	\$0	\$0	\$0
LESS FUNDS AVAILABLE NOT TRANSFERRED	\$0	\$0	\$0	\$0	\$0
CARRY OVER	\$0	\$1,022,000	\$1,710,000	\$2,505,000	
BALANCE OF FUNDS REQUIRED	\$1,022,000	\$1,710,000	\$2,505,000	\$11,825,000	\$11,825,000

FUNDING DATA & ESTIMATE NOTES

PROJECT: Delano Field Office Replacement
 LOCATION: Delano, CA
 ABMS #: 0

STUDY ESTIMATE: S4DMV202BP
 DATE ESTIMATED: 6/3/2015

FUNDING DATA

<u>Chapter / Item</u>	<u>Phase</u>	<u>Amount</u>	<u>Totals</u>
Fund Transfers			
N/A	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
Total Funds Transferred			\$0
Funds Available Not Transferred			
N/A	0	\$0	
0	0	\$0	
0	0	\$0	
0	0	\$0	
Total Funds Available not Transferred			\$0
Total Funds Transferred and Available			\$0

ESTIMATE NOTES

1. The construction costs in this estimate are indexed from the CCCI Index as of the date of estimate preparation to the CCCI index that is current as of MAY 1, 2015. The project estimate is then escalated for a 7 month period to an assumed construction midpoint. Additionally, the project has been escalated to the assumed start of construction.
2. The Agency may have retained items that are not included in this estimate. RESD has not verified Agency retained pricing.
3. Special Consultant costs include Survey w/ Topo Map, Geotechnical, Asbestos / Lead Survey & Monitoring, Utility Design Fees, Zero Net Energy and LEED.
4. Assumes start of acquisition in FY 15/16, Preliminary Plans in FY 16/17, Working Drawings in FY 17/18 and Construction in FY 18/19.
5. 0
6. 0
7. 0
8. 0
9. 0
10. 0